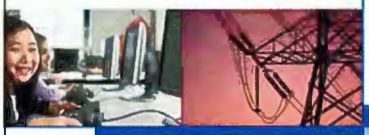


ONTARIO POWER AUTHORITY

June 29, 2006

Ontario's Integrated Power System Plan: Scope and Overview

Purpose of Today's Presentation

- Indicate how OPA will develop the power system plan:
  - Identifying planning priorities
  - Outlining planning principles
- Indicate how you can participate in the OPA's consultation on the plan

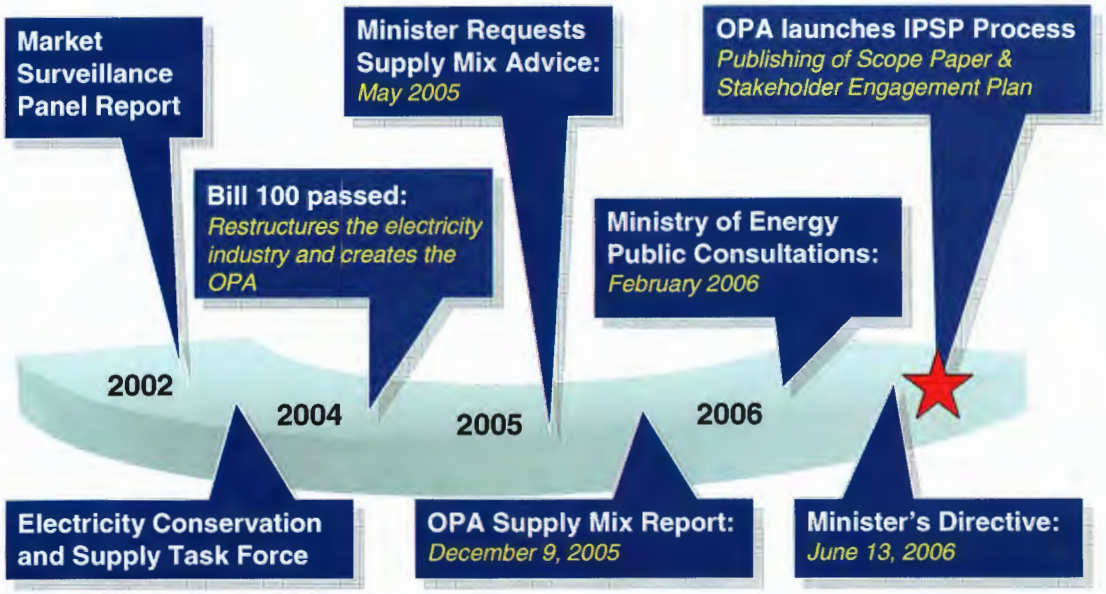
Electricity Act, 1998

S.O. 1998, CHAPTER 15
SCHEDULE A

Integrated power system plan

25.30 (1) Once during each period prescribed by the regulations, or more frequently if required by the Minister or the Board, the OPA shall develop and submit to the Board an integrated power system plan, …

Context for Ontario's System Plan


Market Surveillance Panel Report
Bill 100 passed: Restructures the electricity industry and creates the OPA
Minister Requests Supply Mix Advice: May 2005
Ministry of Energy Public Consultations: February 2006
OPA launches IPSP Process Publishing of Scope Paper & Stakeholder Engagement Plan
2002
2004
2005
2006
Electricity Conservation and Supply Task Force
OPA Supply Mix Report: December 9, 2005
Minister's Directive: June 13, 2006

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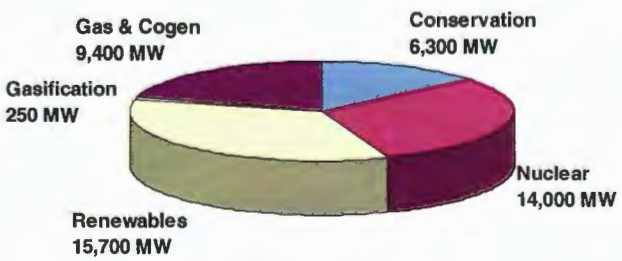
Developing the IPSP

- Minister's directive has established supply mix
- Focus is on implementation
- Consultation will be open, transparent and comprehensive and will build on previous discussions
- Shared understanding of challenges and priorities to enable better planning
- Regulatory Review by Ontario Energy Board
- Additional approvals required for projects as applicable

Conservation and Supply Contributions by 2025



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Planning Principles

- **Requirements of Electricity Act and its Regulations**
  - Economic prudence and cost effectiveness
  - Safety, environmental protection and environmental sustainability
  - Compliance with directives and applicable standards
- **Open and transparent**
  - Facilitate effective customer and stakeholder participation
- **Balanced**
  - Conservation, new supply and transmission solutions
  - Short-term / long-term
  - Various attributes of the plan
  - Risks and opportunities
- **Flexible**
  - Adapt planning to changing circumstances
  - Reduce financial and technological risk
- **Build on established foundations**
  - Outcomes of other public consultations

Planning Priorities

- Overcoming infrastructure deficit
- Maximizing benefits of conservation
- Integrating renewable resources
- Refurbishing and replacing nuclear
- Replacing coal
- Enhancing transmission
- Providing reliable service to growing areas of Ontario
- Exploring options for procurement

Maximizing Benefits of Conservation

- Target is 6300 MW – scope is expanded
  - Codes and standards
  - Fuel switching
  - Customer-based generation under 10 MW
  - Net metering
  - Adds in 2007 achievements
  - Efficiency improvements
  - Demand shifting
- Key is creation of a "culture of conservation"
  - Transform policies and market for conservation
  - Develop and deliver programs

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Increase Use of Renewable Energy

- Challenge is distance from consumers
  - Hydro and forest biomass in north
  - Large hydro imports in other provinces
  - Wind and farm biomass in rural south
  - Solar and municipal biomass in urban areas
- Requires major transmission investments
  - Load is in urban south
  - Planning and coordination essential

- Intermittent nature of wind generation
  - Complementary generation or storage needed
  - Close integration of output with existing system operation

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Refurbish and Replace Nuclear

- Work with plant owners
  - Determine refurbishment potential and schedule
  - Coordinate refurbishments
- Plan transmission capability
  - Enable nuclear refurbishments and replacements

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Replace Coal-fired Generation

- Consider new renewable and gas generation
- Address transmission and reactive power impacts
- Work with plant owner
  - Advise on appropriate pollution reduction measures
  - Address uncertainties and contingencies

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Enhance Transmission

- Policy
  - Enables generation
  - Serves public interest
- Planning
  - Location of new generation sources and load patterns have major impacts
- Infrastructure
  - Leverage existing facilities, routes and corridors
  - New routes will also be necessary

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Provide Reliable Service to Growing Areas

- Greater Toronto Area
- Downtown Toronto
- Kitchener, Waterloo, Cambridge, Guelph
- Windsor, Essex
- South Georgian Bay
- Woodstock, Brant

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Procurement Principles, Processes, Options

- Goal
  - Reduce reliance on OPA procurement
- Approach
  - Increase the number of buyers and sellers acting on transparent prices and clearly allocated risks
  - Build on customer and developer dynamics and initiatives

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Consultation Principles

- **Input and advice**
  - Sought at early stage and throughout plan development
  - Begins with "Scope and Overview" paper on June 29
- **Consultation principles**
  - accessible, inclusive, relevant and meaningful

- **Focus on planning and implementation issues**
- **Consultation builds on other discussions**
  - Energy, electricity and environmental issues

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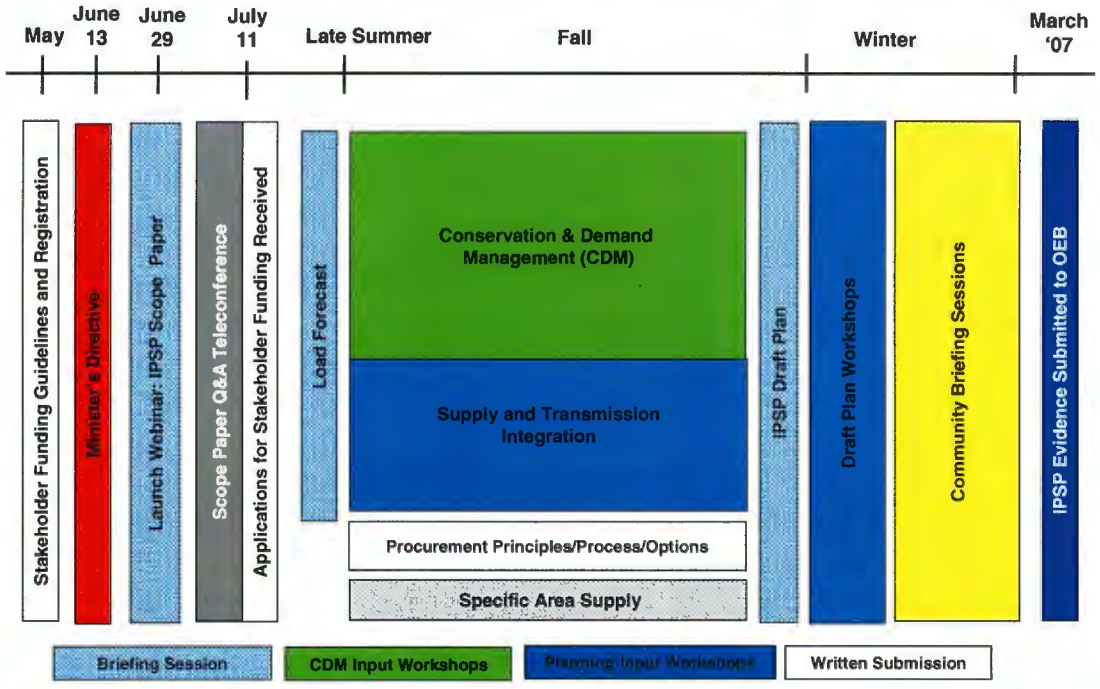
Consultation Plan



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Consultation Activities

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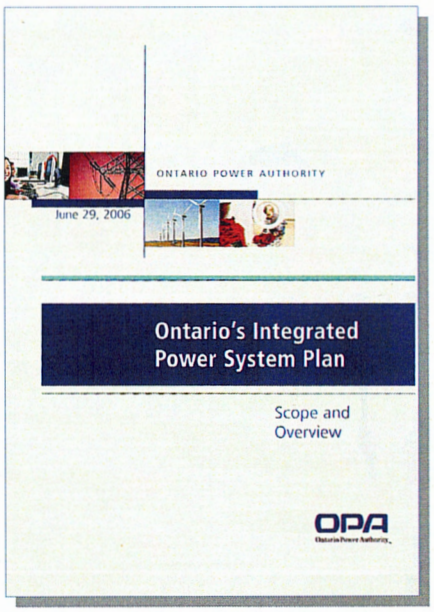
Scope and Overview Paper

- Scope paper released on June 29
- Describes the process and planning priorities
- Intent is to provide a rich and meaningful starting point for customer and stakeholder input
- Next opportunity for input is teleconference and webcast on July 11th
- July 11th topic is "Scope and Overview" paper



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Conclusions

- IPSP is about implementation
  - Based on context of policy direction received
- Consultation plan for IPSP
  - Open, transparent and comprehensive
  - Planning documents will be shared over next several months
- Developing a shared understanding of planning priorities is essential
  - Will improve dialogue on electricity planning with Ontarians
  - Will focus discussion
- Regulatory review to begin in 2007
  - Independent and focused
  - Addresses economic and environmental issues at a plan level
  - Projects will require additional subsequent approvals

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Ontario's Integrated Power System Plan

An opportunity to engage Ontario's electricity customers and stakeholders in developing an action plan to implement the Minister's policy directives

Your questions and comments are invited at this time

Future opportunities for questions/comments:

Live, at the Thursday, July 11, 2006 follow-up webcast session
Through the website: www.powerauthority.on.ca
Via email: IPSPinfo@powerauthority.on.ca

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